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September has been a busy month across the healthcare industry, with important developments on medicine pricing, medical scheme regulation and the future of healthcare funding. It has also been a significant month for HFA.

We began with our Scenario Planning Symposium on 2 September, which brought together leaders and experts from across the sector. The discussions ranged from the pressures facing medical schemes to practical ways of delivering better care. A theme that stayed with me was the need to turn discussion and shared ambition into action.

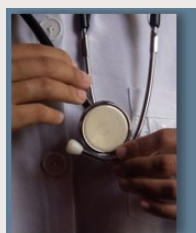
Thank you to everyone who joined us, contributed to the conversations and responded to our post-event survey. Your feedback will help us make next year's event even better.

The Symposium was also the setting for the launch of our inaugural *State of Medical Schemes (SOMS) Report*. It brings together the views of principal officers, new data on the financial protection schemes provide, modelling of mandatory cover and risk equalisation, and legal judgements that could shape the sector. I hope it will serve as a useful source of evidence as we continue the conversations begun at the Symposium. You can [read the report here](#), and [watch a recording of the event here](#).

We have also launched Episode 12 of *Building the Health System We Deserve*, featuring **Dinesh Govender, CEO of Discovery Vitality South Africa**. It's a compelling conversation on the behavioural science behind our choices, the power of a healthy lifestyle to reduce healthcare costs, the role of AI in personalising nutrition and exercise, and much more. Listen here on [Spotify](#). Watch it here on [YouTube](#).

In this edition of the *HFA Matters*, we cover several of the regulatory and policy developments that have kept the industry busy this month. I hope you find it a useful read.

CMS CLARIFIES ITS POSITION ON CIRCULAR 10 AND THE SECTION 59 REPORT



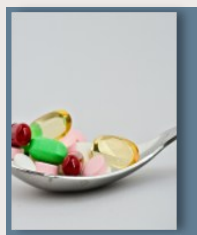
The CMS has responded to HFA's concerns about Circular 10 of 2026. It confirmed that the Section 59 Final Investigation Report made no legal finding of unfair racial discrimination. CMS said the Circular's reference to "systemic disparities" described statistical patterns identified by the Panel, and that future communications would distinguish those findings from any legal conclusion. CMS also confirmed that the Circular does not create new legal obligations or override schemes' duties to investigate irregular claims and recover funds paid out irregularly.

HFA has written back to welcome these clarifications and accept CMS's offer of further engagement.

We have asked to discuss the Section 59 implementation roadmap presented at our Scenario Planning Symposium, particularly the proposed restitution process – given that there were no findings of wrongdoing by schemes. We are seeking clarity on when restitution would be considered and how the process would distinguish a disputed recovery from funds properly recovered by a scheme.

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INTERIM SEP ADJUSTMENT RAISES CONCERNS ABOUT MEDICINE COSTS



HFA is concerned about the additional 2.88% single exit price (SEP) adjustment announced for the remainder of 2026. The pharmaceutical industry has pointed to rising input costs and the risk of medicine shortages. We recognise the importance of a reliable medicine supply, but any further price increase must also be assessed against its effect on affordability. We are preparing a letter to be sent to the Acting Minister of Health and are considering approaching the media on the matter.

We are particularly troubled by the suggestion that the adjustment will have a limited effect on consumers. To our knowledge, neither medical schemes nor the many households that pay for medicines out of pocket were consulted. We have also not seen an analysis of the increase's

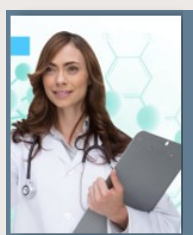
cumulative effect over the next year. HFA estimates that it could add approximately R1 billion to medical scheme costs and R400 million to households' direct spending on medicines.

The annual SEP adjustment uses a transparent formula that takes inflation and exchange rate movements into account. Applying it consistently matters: it recognises cost pressure when the rand weakens, but should also allow consumers to benefit when the rand strengthens. An extraordinary increase outside that process needs a clear, evidence-based justification.

We have raised a broader concern about how medicine prices are set. While subsequent SEP increases are regulated, the prices set when medicines first enter the market are not independently adjudicated. Each blanket increase is then added to that starting price. This is especially concerning for high-cost, life-saving medicines. We have also previously shown the Department of Health that pharmaceutical revenue can grow faster than the SEP adjustment itself as more medicines are used and the mix of medicines dispensed changes. We would like to know how these factors were weighed in reaching the decision.

The pricing regulations require the Minister to consider the availability, affordability and quality of medicines. The cost of this adjustment will be borne by medical scheme members and by South Africans who buy their medicines directly, and their interests must be central to the decision.

HFA SEEKS CLARITY ON CMS DATA REQUESTS FOR PMB REVIEW

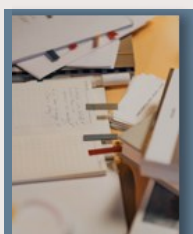


In Circular 26, the CMS has asked medical schemes and administrators for detailed data on individual beneficiaries' membership and claims. The CMS intends to use the data to cost a proposed primary healthcare benefits package as part of its review of PMBs.

HFA fully supports the PMB review and the development of an appropriate primary healthcare package. We are, however, concerned about the scope of the request and the personal and commercially sensitive information involved. Before schemes provide data, we believe the CMS needs to clarify the proposed package, how the data will be protected, and whether other approaches to analysis and costing could meet the same need.

HFA has sought legal advice and has raised these questions in a letter to the Registrar. In addition, we will be holding a member-only Consultative Forum next Friday, 9 October, where our legal team will share their views on the matter. Our aim is to help the review move forward while ensuring that any data requested is appropriate and adequately safeguarded.

HELPING CONSUMERS UNDERSTAND 2027 CONTRIBUTION INCREASES



Following the recent publication of CMS Circulars 20 and 21, we prepared a media article aimed at helping consumers better understand the factors that influence annual medical scheme contribution increases.

The article explains some of the considerations that schemes and their trustees must balance when setting contributions, including affordability, rising healthcare costs, changing membership profiles and the need to ensure that schemes remain financially sustainable and able to meet members' healthcare needs.

It also provides some useful context around the CMS guidance for 2027 and encourages members to look beyond the headline contribution increase when assessing their cover for the year ahead.

We hope the article helps contribute to a more informed public conversation about medical scheme contributions and the pressures affecting affordability. Please read and share [this article](#).

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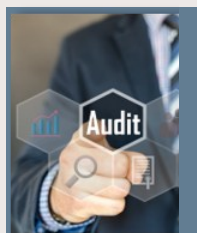
UBP DECLARATION: HFA PREPARES COURT APPLICATION



HFA and several of its members have prepared papers to file a High Court application challenging the Undesirable Business Practice (UBP) Declaration on DSPs and co-payments. The application seeks an interim order preventing the Declaration from being implemented or enforced while the Court considers a request to review and set it aside.

Following the Appeal Board's decision that it lacked jurisdiction to hear HFA's appeal, the Declaration is once again enforceable. **Although the CMS has not enforced it to date, it remains a risk to schemes and their members.** HFA remains open to a negotiated solution, but discussions with the Department of Health and CMS have, to date, not yielded a satisfactory resolution.

CMS ISSUES GUIDANCE ON AUDITOR ROTATION AND JOINT AUDITS

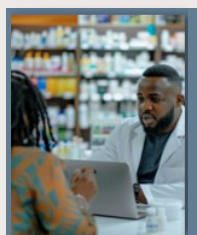


The CMS has issued two related circulars aimed at strengthening auditor independence and widening participation in medical scheme audits.

Circular 27 introduces auditor rotation requirements from financial years ending on or after 31 December 2028. Audit firms serving larger schemes classified as Public Interest Entities will need to rotate after 10 consecutive years, followed by a five-year cooling-off period. Firm rotation is encouraged, but not required, for smaller schemes, while requirements for individual audit partners will still apply. The circular includes transitional arrangements and a summary of stakeholder comments.

Circular 28 encourages schemes and audit committees to consider joint or shared audits. CMS notes that the technical demands of medical scheme audits, including IFRS 17, have limited the number of firms active in the sector. In a joint audit, firms share responsibility and issue a joint opinion. In a shared audit, one firm performs part of the work while the lead firm retains overall responsibility. CMS sees these arrangements as a way to help more firms gain experience while maintaining access to specialist skills.

DRAFT CONSUMER PROTECTION ACT GUIDELINES PUBLISHED FOR COMMENT



The National Consumer Commission has published draft guidelines under the Consumer Protection Act (CPA) for comment. They address, among other matters, product labelling, sales records and the clear disclosure of prices and additional charges. The notice invites comments within 45 days of its publication on 18 September 2026.

The CPA is relevant to several stakeholders in the healthcare sector, including medical schemes, healthcare professionals, and pharmaceutical and technology companies. For medical schemes, clear disclosure and marketing are particularly important: scheme rules and benefit options should be written in language members can understand, with limitations, exclusions and waiting periods explained transparently. Please access the draft guidelines [here](#).

